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Prime Minister's schedule, December 10

NIKKEI (Page 2) (Full)
December 11, 2008

09:04

Met at Kantei with Deputy Chief Cabinet Secretary Konoike.

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10:25

Met with New Komeito leader Ota.

10:58

Met at LDP headquarters with Tax System Research Commission Chairman Tsushima, later joined by Sub-Committee Chairman Yanagisawa and Chief Cabinet Secretary Kawamura. Kawamura remained.

12:02

Returned to Kantei.

12:56

Met with Finance Minister Nakagawa and Economic and Fiscal Policy Minister Yosano in the Diet building.

13:00

Attended Upper House Budget Committee session.

17:07

Returned to Kantei.

17:39

Recorded message to FM Yokohama program at LDP headquarters. Interviewed by LDP's organ newspaper "Jiyu-minshu (Freedom and Democracy)".

18:33

Met with Nakagawa.

19:30

Met with U.S. Ambassador Schieffer and his wife at his private residence in Kamiyama-cho.

4) Visit to Yokota's abduction site most memorable: U.S. envoy Schieffer

by Janice Tang

TOKYO, Dec. 10 KYODO

Diplomatic negotiations with Japan such as on the U.S. military realignment may have been tough tasks, but for U.S. Ambassador Thomas Schieffer a visit to the site where a 13-year-old Japanese girl was believed to be abducted in 1977 by North Korean agents beat all other events as the most memorable during his soon-to-end tenure in Tokyo.

Schieffer, who was named the 2008 Person of the Year by the American Chamber of Commerce in Japan on Wednesday, also said that while his three-year term has been a 'busy time,' it has achieved 'a lot of positive things' such as fruitful negotiations on the realignment as well as stronger bilateral relations since the time of former Prime Minister Junichiro Koizumi's administration.

'The most memorable had to be the time when I went up to Niigata and walked with the Yokotas on the path that Megumi took,'

Schieffer, whose ambassadorship is expected to end next month, told reporters.

He was referring to a visit in March 2006 to the hometown of abductee Megumi Yokota, who is among at least a dozen missing Japanese believed to have been kidnapped to the North.

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The ambassador has played an important role in raising the abduction issue with U.S. President George W. Bush and facilitated a meeting between Bush and Yokota's mother Sakie in Washington in late April that year. Bush later described the meeting as "one of the most moving meetings since I've been the president."

When Washington took North Korea off its blacklist of nations sponsoring terrorism this October, Schieffer met in person with the families of the missing abductees in Tokyo and sought their understanding that the decision was made to keep the stalled six-party nuclear talks with the North alive.

No progress has been made since then on the abduction issue, including Pyongyang's promise to reinvestigate the cases.

In his acceptance speech at the ACCJ award ceremony on Wednesday, Schieffer warned that Japan must open its market to foreign investors and that especially amid current financial difficulties reverting to protectionism by Japan and the United States would be damaging to both sides.

"Most Japanese would argue today, I think, that Japan's future prosperity is dependent upon engaging the rest of the world. Yet there are still a significant number of Japanese who argue that Japan would be better off if it erected regulatory and technical barriers to make it more difficult for foreigners to do business in Japan than it is for Japanese to do business abroad," the envoy said.

"If 'Japan passing' occurs in the future, it will not be, in my judgment, because of this or that American was elected president. It will be because Japan believes that it has no role to play in the international community and foreigners are not welcome in the (Japanese) economy," Schieffer added.

He also told an audience of business representatives at the ceremony that governments should act to ensure the integrity of free markets, saying, "Market places, like baseball games, need good umpires and government should perform that function."

The ACCJ created the Person of the Year award in 1996 in recognition of individuals who have made significant contributions to business and commerce and the U.S.-Japan relationship.

Allan Smith, president of the chamber, said Schieffer was awarded for having been a "resolute advocate" for bilateral ties during his tenure and for his "leadership in promoting the U.S.-Japan relationship at such a critical time in the development of the global economy."

Schieffer, who served as ambassador to Australia in 2001-05 before his posting to Tokyo, has said he plans to step down together with the Bush administration in January as he feels he has fulfilled his duties.

5) Lower House to take second vote on refueling, financial bills tomorrow

ASAHI (Page 4) (Full)
December 11, 2008

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The expectation is that a bill amending the new Antiterrorism Special Measures Law to extend by one year the Maritime Self-Defense

Force's refueling mission in the Indian Ocean will be put to a two-thirds overriding vote in the House of Representatives' plenary session tomorrow and the bill will be enacted the same day. This is because the House of Councillors Committee on Foreign Affairs and Defense agreed yesterday to take a vote on the legislation today. The bill will be voted down in the Upper House's plenary session tomorrow but it will be readopted in the Lower House's plenary session the same day.

In the Lower House's plenary session tomorrow, a second vote will likely be taken on a bill revising the Financial Functions Strengthening Law, as well.

6) U.S. sailor pleads not guilty in murder of taxi driver

TOKYO SHIMBUN (Page 27) (Full)
December 11, 2008

The Yokohama District Court yesterday held the first hearing of U.S. Navy Seaman Apprentice Olatunbosun Ugobogu, a 22-year-old Nigerian national stationed at the U.S. Navy's Yokosuka base in Kanagawa Prefecture, over his alleged murder in Yokosuka of Masaaki Takahashi, a 61-year-old taxicab driver. Ugobogu admitted to stabbing the taxi driver but denied any criminal intent, telling the court that did not intend to kill or rob Takahashi and he heard "voices" ordering him to stab him.

His defense counsel asserted Ugobogu's innocence, maintaining that Ugobogu was not mentally competent at the time of the incident due to schizophrenia with auditory hallucinations and other symptoms. The counsel sought a psychiatric test for Ugobogu, citing a detention physician's diagnosis of his case as suspected schizophrenia.

Prosecutors stated to the court that Ugobogu had made up his mind to rob the taxi driver with a kitchen knife to get money to spend on amusement and living expenses. Ugobogu was not suspected of having any mental illnesses in the U.S. Navy. Given this, the prosecutors stressed that he was fully capable of being held liable for the murder. They claimed that he lied to avoid responsibility.

According to the indictment, Ugobogu caught a taxi near Shinagawa Station in Tokyo on the evening of March 19 and exited the taxi in the city of Yokosuka, where he stabbed Takahashi in the left shoulder with a kitchen knife and ran away without paying the fare of about 20,000 yen.

7) Yokosuka deserter returned to base with colleague's ID card; U.S. Navy admits to security flaws

TOKYO SHIMBUN (Page 27) (Full)
December 11, 2008

In the wake of this March's murder of a taxi driver in Yokosuka, Kanagawa Prefecture, the Japanese and U.S. governments have agreed to report on U.S. military deserters in Japan. Meanwhile, the incident has also revealed security flaws at the U.S. Navy's Yokosuka base, as seen from the fact that the U.S. sailor who committed the heinous crime entered the base with a colleague's ID card.

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Prosecutors, in an opening statement to the Yokohama District Court, noted that Olatunbosun Ugobogu, a Yokosuka-based U.S. sailor charged with fatally stabbing the taxi driver, returned to the base shortly after the crime using a colleague's ID card with its photo blacked out.

According to the prosecutors' statement, Ugobogu got through the main gate of the base, which is situated about 600 meters from the scene of the crime, on March 19 at around 9:30 p.m., about 10 minutes after the crime, and he withdrew 400 dollars from an on-base ATM. At the gate were shore patrolmen. However, Ugobogu passed through the gate with his colleague's ID card he had obtained before his desertion.

"The base access control system was defective, so we improved the system after the incident," a base official told the Tokyo Shimbun. However, the official did not explain how Ugobogu got through the gate, citing security reasons.

8) U.S. Navy begins personnel checks to prevent recurrence

ASAHI (Page 38) (Full)
December 11, 2008

Fumiaki Sonoyama

In the wake of this March's murder in Yokosuka of a taxicab driver by a Yokosuka-based U.S. Navy sailor, U.S. Naval Forces Japan (USNFIJ) has started a program checking the backgrounds of its personnel numbering about 20,000. The program is intended to discover potential violence at an early stage for correction through education and training.

According to USNFIJ headquarters, about 10 personnel have so far been found questionable and are now being counseled to learn how to control their anger. Some may be diagnosed by a psychoanalyst. No one has been sent back to the United States, according to the headquarters.

Olatunbosun Ugobogu, a Yokosuka-based U.S. Navy sailor charged with fatally stabbing the taxicab driver, was a deserter, and this fact also became a problem. Later on, Japan and the United States reached an intergovernmental agreement to immediately report facts about U.S. military deserters to the Japanese government. According to the Foreign Ministry, the U.S. government has so far reported six deserters since early July. One of them has returned to a base, the ministry said. Such information is transmitted to local governments.

In September this year, the USS George Washington, a U.S. Navy nuclear-powered aircraft carrier, arrived at Yokosuka for deployment. Its crew-numbering about 2,000-has started a new life in Japan. The U.S. Navy sent a special team to the George Washington before her deployment in Japan to brief the crew on Japanese culture and responsible behavior. This has probably worked well, and none of the crew has so far caused trouble.

9) Anti-piracy measures off the coast of Somalia: Japan Coast Guard withdraws idea of dispatching patrol boat but will send officers to neighboring countries Yemen and Oman

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TOKYO (Page 27) (Excerpts)
December 11, 2008

In response to the problem of pirates operating in the waters off Somalia, which has become an international issue, the Japan Coast Guard (JCG) will dispatch for a week starting on Dec. 12 three JCG officers to Yemen, which is on the opposite shore of the Sea of Aden, and Oman, which neighbors to the East. Approximately 80 PERCENT of the damage from pirate attacks this year in waters off Somalia occurred in the Sea of Aden and the Red Sea. Since Somalia is in civil war and a start of anarchy, the decision was made that it would be more effective to strengthen security patrols of the two other coastal countries. The on-site investigation by the officers will look into practical measures to assist.

JCG has given up on dispatching a patrol boat, but it plans to cooperate by such means as beginning exchanges with coastal security forces in Yemen and Oman this year and improve their investigative capabilities. Coastal security forces in both countries explained to JCG that the multinational force is not actively working to eliminate piracy from the waters. For that reason, a senior U.S. military officer is reported to have said: "If we are attacked by pirates, who feel challenged by our movements, we will return fire. The result would be clear (the pirate ship would sink), but we would be criticized internationally."

In actuality, the Indian Navy last month accidentally sunk a Thai fishing boat that had been boarded by pirates. Many crew members who were hostages were lost at sea. The multinational force recognizes the danger of excessive defense and seems to be operating cautiously.

10) Application of general law for measures against piracy to be taken into consideration

NIKKEI (Page 2) (Full)
December 11, 2008

The Liberal Democratic Party's (LDP) project team to look into measures to deal with damage caused by the rampant piracy off Somalia (chaired by Gen Nakatani), at a meeting on December 10 decided to include among options the application of a general law, which does not limit the areas and duration of activities, as the law that serves as the basis for dispatching MSDF vessels. It will also take the establishment of a special measures law into consideration.

11) Six-party talks to go into recession with no progress on nuclear-verification methods

TOKYO SHIMBUN (Top Play) (Full)
December 11, 2008

Norihiro Shinkai, Beijing

Chief negotiators of the six-party talks on North Korea's denuclearization held separate negotiations and a plenary session in Beijing on the afternoon of Dec. 10, the third day of the talks. Foreign Ministry's Asian and Oceanian Affairs Bureau Director General Akitaka Saiki, Japan's chief envoy, told reporters last night, "We will also discuss matters tomorrow," indicating that the talks would be extended. But U.S. Assistant Secretary of State

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Christopher Hill, U.S. chief negotiator, said: "If we fail to reach an agreement, the talks will probably go into recession." The gap remains wide between the U.S. and North Korea over ways to verify information North Korea has given on its nuclear programs. The six-party talks are now likely to be adjourned today

Vice Foreign Minister Wu Dawei of China, the chair of the talks, presented a draft proposal serving as a basis for working out nuclear-verification methods to each nation on the 9th. Japan, the U.S., South Korea, and Russia called for revising the draft to ensure Pyongyang's information to be verified more strictly, while North Korean Vice Foreign Minister Kim Kye Gwan fiercely reacted to the contents of the draft. Wu continued consultations with other countries in an effort to put an accord on nuclear verification into writing yesterday, but the U.S. and North Korea remained at odds. According to South Korean envoy and director of Korean Peninsula Peace Negotiations Kim Sook, Kim Kye Gwan emphasized in the session that North Korea is now a nuclear power.

Saiki said last night: "I feel that the gap will not be easily bridged." Hill categorically said: "North Korea has not made efforts to establish a verification method in accordance with international standards. There was no progress at all. ... (China) will hold talks with other countries and it is expected that if there is no progress, it will declare the end of the talks."

12) Government views recess of six-party talks as unavoidable

TOKYO SHIMBUN (Page 2) (Full)
December 11, 2008

The expectation is that the ongoing six-party head-of-delegation meeting will recess as early as today, since the meeting has yet to reach an agreement on ways to verify North Korea's nuclear declaration. The Japanese government views a recess as inevitable as it cannot make any easy concessions to North Korea.

In the meeting, Japan's chief envoy Akitaka Saiki stated: "It is

important to codify a verification protocol in an agreement so that there will be neither misunderstanding nor distortion." In cooperation with his U.S. and South Korean counterparts, Saiki strongly called for the codification of a verification protocol, including sampling, something Pyongyang has refused. However, Japan had been concerned that it could be left behind if Washington and Seoul made concessions.

Therefore, in a Japan-U.S.-South Korea head-of-delegation meeting, the Japanese government repeatedly mentioned the need for codification of a verification protocol. The Japanese government's effort succeeded in creating a net encircling North Korea along with the United States, South Korea and Russia. This net eventually pressed China, host of the six-party talks, not to make any broad concessions.

The Japanese government thinks that it has been able to keep itself from being isolated from the rest of the six-party member countries, even though the talks did not make any progress.

Meanwhile, no progress was made on the issue of North Korea's abductions of Japanese nationals, since the Japanese and North Korean chief envoys failed to hold a meeting.

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North Korea criticized Japan in the meeting, asking under what status Japan was attending the meeting. The North may step up its attack against Japan. If so, the chance to resolve the abduction issue will slip away.

13) Japan unable to make contact with North Korean negotiator in normalization talks

TOKYO SHIMBUN (Page 1) (Excerpts)
December 11, 2008

Yasunobu Kiuchi, Beijing

Japan has been unable to make contact with Song Il Ho, chief envoy of normalization talks with Japan, since October, according to informed sources yesterday.

Rumors are afloat that since he disclosed internal information on Japanese nationals abducted by North Korean agents, he is taking the blame and exercising restraint in his activities.

Song as the representative of North Korea attended the working-level talks between Japan and North Korea held in Shenyang, China, in mid-August, in which both side agreed to set up a committee on reinvestigating the whereabouts of the abduction victims. He responded to an interview with Kyodo News after North Korea informed the Japanese government in early September of its decision to delay the investigation.

A Foreign Ministry source said that since then, the Japanese government became unable to make contact with him.

According to sources familiar with Japan-North Korea relations, Song gave information to the Japanese government this summer indicating that an abduction victim is living in North Korea, so he might have been subject to suspension on the grounds that he had leaked information without permission from the leadership. An informed source in Beijing said: "There are rumors that he is receiving reeducation on ideology and other matters."

14) Budget compilation: Restoration negotiation to be abolished in principle; Government decides to revise established practices; Prime minister to allocate priority items

NIKKEI (Page 2) (Full)
December 11, 2008

The government will substantively revise accepted practices concerning budget compilation. It will abolish, in principle, so-called restoration negotiations, an established practice, by

concentrating negotiations between the finance minister and other cabinet ministers in a period before the informal release of the Finance Ministry's draft proposal. Priority items will be established so that the prime minister can exclusively decide on budget allocations. The aim is to prioritize budget items under the leadership of the Prime Minister's Office, by preventing government agencies and legislators tied to vested interests from jointly demanding a budget increase. The government wants to implement those proposals starting in the year-end period, when the compilation of the fiscal 2009 budget starts.

Revisions to those established practices have been made based on

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Prime Minister Taro Aso's order. Funding resources for restored budget items as a result of negotiations after the release of the Finance Ministry's draft budget have been about 50 billion yen in the past. The practice serves to have cabinet ministers to play an active role, backed by various LDP divisions. However, it has recently taken on a strong flavor of being formality. Ministerial negotiations before the informal release of the Finance Ministry draft on December 20 will be allowed, in principle, starting with the compilation of the fiscal 2009 budget.

No individual requests from each government agency and division will be accepted, in principle, after the release of the draft budget. Secretaries general of the LDP and New Komeito will instead put together requests from each division and present them to Finance Minister Shoichi Nakagawa. Another aim of this method is to sort out priority items from a cross-sectional viewpoint.

The allocation of priority items, the prime minister's prerogative, will be decided at the final stage, based on proposals by the secretaries general of the ruling parties. The budget request guidelines set a framework for the promotion of key issues worth 330 billion yen. The allocation of priority items by the prime minister will serve to absorb the ruling parties' discontent, based on that framework.

The allocation of priority items will be decided after consultation with the finance minister and reflected in the government draft as is. If pressure for a spending boost mounts in the ruling camp, there is a possibility of the 330 billion yen framework being expanded. In that event, compatibility with the goal of maintaining the ceiling of budget estimates will become an issue.

15) Aso shifts policy from fiscal reconstruction to economic growth; Declaration on policy switch might cost his job

TOKYO SHIMBUN (Page 2) (Abridged slightly)
December 11, 2008

Shohei Yoshida

Prime Minister Taro Aso has effectively shifted to an expansionist fiscal policy line by shelving the spending-cut policy course amidst the economic downturn. The prime minister does not admit it, however. The question of fiscal reconstruction or the economy has vexed many past prime ministers. The question cost former Prime Minister Hashimoto his administration. Aso, who has shifted his policy without offering an adequate explanation to the public, might end up following the fate of the Hashimoto administration.

Prime Minister Aso's approach is to add social security and public works spending to a separate budget slot while keeping the spending-cut framework intact. The prime minister said with confidence: "Economic stimulus measures and fiscal reconstruction are compatible."

Aso's comment brings back memories of former Prime Minister Hashimoto. In January 1998, in the closing days of his administration, Prime Minister Hashimoto remarked: "It is natural to take necessary steps in response to the economic and financial situations. I do not think this conflicts with fiscal structural reform." He thus announced that in order to tackle the financial crisis that erupted the previous year, his administration would

pursue both economic stimulus measures and fiscal reconstruction.

To shore up the economy, Hashimoto implemented 2-trillion-yen in tax cuts, while setting a cap on all spending under fiscal structural reform legislation. Hashimoto did not admit a policy turnaround, and his approach was called a policy shift without an announcement. Immediately before the Upper House election that summer, he announced the introduction of permanent tax cuts by reversing his stance. His inconsistent policy course came under fire from the public. The ruling camp suffered a humiliating setback in the election, and his cabinet resigned as a result.

Hashimoto was replaced by Keizo Obuchi. At its initial cabinet meeting, the Obuchi cabinet adopted the prime minister's statement to freeze the fiscal structural reform law for the time being to take aggressive fiscal policy. Although this helped the cabinet's support ratings shoot up, it also resulted in a sharp rise in the nation's budget deficit. In fiscal 1999, the administration issued government bonds worth over 37 trillion yen, which is still a record.

Aso's reluctance to announce the policy shift is ascribable to the budget deficit that has swollen since the Obuchi administration. In compiling the fiscal 2002 budget, then Prime Minister Junichiro Koizumi declared a strict spending-cut policy, saying, "We will not take conventional measures to turn around the economy. Despite that, the balance of government bonds has increased.

As far as tax revenue is concerned, fiscal 2008 is better than fiscal 2002. The general public might find it difficult to support the shift to expansionary fiscal policy at this point in time.

There are strong calls in the Liberal Democratic Party for upholding the structural reform course, and this also makes the prime minister's stand precarious.

16) DPJ to submit six economic bills to current Diet session, review roadmap

MAINICHI (Page 5) (Full)
December 11, 2008

The Democratic Party of Japan (DPJ) has decided to submit to the House of Councillors by Dec. 15 six bills containing economic and monetary measures as part of efforts to deal with the ongoing financial crisis and to buoy the flagging economy. The decision was made in a meeting of its shadow cabinet yesterday. With this decision, the DPJ has started reviewing its roadmap that specifies how to secure financial resources for the major policy measures listed in its manifesto for the next House of Representatives election and the target fiscal years to attain those measures.

The government has decided to give up on submitting its second supplementary budget bill to the current Diet session. As its counterproposals, DPJ President Ichiro Ozawa announced a plan to submit the six bills to the current Diet session. The party will present today four bills designed to support families raising children, abolish the current provisional gasoline and other tax rates, rescue small businesses, and introduce a financial assessment system to obligate financial institutions to disclose loan terms for small businesses. On the remaining two bills intended to create jobs, such as job assistance for job-hopping part-timers, and to

revise the tax system, including a measure to halve the corporate tax for small businesses, since it is necessary to coordinate views with other opposition parties, the DPJ intends to submit them on the 15th.

The current roadmap estimates the amount of expenditures needed to implement these key measures at 20.5 trillion yen annually. It also specifies when the measures should be completed by during the next

four years, how much money is needed to implement them, as well as where the necessary money will come from. The DPJ plans to completely abolish the provisional tax rates and implement some parts of the plans for child-bearing support and for waiving express tolls in fiscal 2009. To do so, the party has decided to raise 9.1 trillion yen by taking measures to cut lavish spending, like introducing a system in which government agencies give subsidies to local governments in a package and banning amakudari (golden parachuting of government employees into private industry). It also plans to squeeze 7.2 trillion yen out of such untapped funds as reserves in special accounts.

Tax revenues are expected to significantly decrease due to the economic downturn. To implement measures to create jobs and support small businesses, it will become necessary to explore new fiscal resources. Given these, the DPJ will restudy the order of priorities for the listed policy measures and ways to secure new fiscal resources.

17) New Komeito feels it is reaching impasse with Lower House dissolution not in sight, cash payments plan unpopular

YOMIURI (Page 4) (Excerpts)
December 11, 2008

With members of the ruling Liberal Democratic Party (LDP) now distancing themselves from Prime Minister Taro Aso, the New Komeito, the LDP's junior coalition partner, feels that it has reached in impasse. The party realizes that the House of Representatives will not be dissolved early, as it had once expected, and the party-initiated flat-sum cash payouts plan is unpopular with the public.

New Komeito Chief Representative Akihiro Ota yesterday called on Aso at the Prime Minister's Official Residence to ask him to implement a package of stimulus measures worth 10 trillion yen by fiscal 2010. According to Ota, Aso said: "I share the view with you that companies are in a severe situation. So, we are now working on a package of economic measures to meet the emergency."

Although the two ruling coalition leaders appear to have demonstrated their cooperation, many New Komeito lawmakers have become increasingly alarmed, with one member saying: "The New Komeito could go down together with the Aso cabinet and the LDP, if we do nothing." Another member said: "We have no intention at present to leave the Aso administration, and there is no candidate in the LDP to succeed Aso."

Since the New Komeito has placed priority on next summer's Tokyo Metropolitan assembly election, the party wants to have the interval period between the next Lower House election and the Tokyo assembly election be as long as possible. However, one senior party member said:

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"Under the present public support ratings for the Aso cabinet, it is difficult for the prime minister to decide on his own when to dissolve the Lower House. I wonder whether he may have to call a general election after being forced to dissolve the lower chamber; and as a result, the dates for the snap election and the Tokyo assembly race could be close."

18) Japanese proposal not included in COP14 working group's draft report

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December 11, 2008

A draft report compiled by a working group established under the Kyoto Protocol was revealed on December 10 at the 14th session of the Conference of the Parties to the Climate Change Convention (COP14). A sector-specific approach for industrialized countries to set nation-specific caps, which the Japanese government had insisted on, was not included in the draft. The wording "25 PERCENT -40 PERCENT reduction by 2020" has also been changed to more moderate

wording.

The sector-specific approach was included in the initial proposal. However, it was deleted along with other controversial proposals due to opposition from developing countries, which insisted that industrialized countries should set an ambitious goal.

SCHIEFFER